

**Tompkins County Industrial Development Agency  
Board of Directors Meeting Approved Minutes  
April 9, 2015  
TC Legislative Offices  
121 E. Court Street, Ithaca, NY**

**Present:** Jim Dennis, Grace Chiang, Nathan Shinagawa, Will Burbank, Svante Myrick, Jennifer Tavares

**Staff Present:** Michael Stamm, Mariette Geldenhuys, Rick Snyder, Ina Arthur (recording)

**Guests Present:** Jay Franklin (TC Assessment), Joe Mareane (TC Administration), Martha Armstrong (TCAD), Irene Weiser (Town of Caroline), Marcus Williamee (LOCAL 267 Plumbers and Steamfitters), Brian Noteboom (Carpenters 277), Adam Kessler (Ithaca Journal), Tim Joseph, Alex Highland (Town of Ithaca), Krys Cail, John Mirrabella (Town of Lansing), Theresa Alt (City of Ithaca)

**CALL TO ORDER** The meeting was called to order at 4:00 PM

**ADDITIONS TO THE AGENDA**

**Jim Dennis moved to add a Request for Feasibility Study Funding from TCAD Foundation to the agenda. Jennifer Tavares seconded the motion. The motion was approved.**

**PRIVILEGE OF THE FLOOR**

Krys Cail - Ms. Cail stated that she agreed with Ms. Weiser's comments – though Ms. Weiser has not yet spoken at this meeting. Ms. Cail stated that she is disappointed that only one IDA Board member was present at the public hearing held for the CPP PILOT Amendment. She commented on a energy conference she attended that helped to educate her one issues and changes in the industry of power plants and energy.

Irene Weiser (Town of Caroline) - Ms. Weiser stated that it was disconcerting not to see all the IDA Board members at the public hearing the other day. As a public official herself, it hurt her personally. It is not democracy if people don't hear the voice of the people. She feels that is why people don't respect the IDA. She feels that IDA abatements are a privilege and has concerns about the structure of PILOT agreements. She spoke to past projects which she felt the IDA board "rubber stamped" – She mentioned the BJs project, the Marriot Hotel and a project put forth by Jason Fane.

She stated that she feels the power plant is being subsidized. She believes that the RSSA agreement was made due to an overheating issue with transmission lines in Auburn and does not feel there is a lack of power regionally. Due to this, NYSEG customers are paying a RSSA fee each month since 2012. She feels the power plant is using public money to turn a profit. She feels the "pop up" money should come back to the community; any extra money should be put into escrow to help the community in the future.

Ms. Weiser stated that she is also here to represent the Coalition for Sustainable Economic Development (CSED). This group wanted to present the IDA with a document outlining changes to the IDA. They will do so after some revisions.

Alex Highland (Town of Ithaca) – Mr. Highland stated that development incentives that are given should require the developer to employ local labor and companies that have an apprenticeship program.

Theresa Alt (City of Ithaca) – Ms. Alt identified herself with the Workers Centers and the CSED. She feels the Cayuga Power Plant is something that is out of date and that the attempt to preserve the status quo is futile. She feels the IDA as community leaders should make changes. The IDA should incentivize only what is needed and the jobs will follow the need. Schools should be supported by NYS income taxes. We need a plan to move to renewable energy sources – biomass, wind, solar. Ms. Alt commented that she questions if energy production should be in the private sector.

Tim Joseph (Town of Ithaca) – Mr. Joseph commented as a member of CSED. CSED held a press conference at Renovous last Monday (April 6, 2015). He recalls that the IDA makes deals to “induce” a project to do something they might not do. Where they held the press conference was at a company that is producing good jobs in a rehabbed building running on renewable energy. Renovous would have been a great IDA project, but it wasn’t – they didn’t need any abatements and didn’t ask.

John Mirabella (Town of Lansing) – Mr. Mirabella stated that he works at the Cayuga Power Plant and spoke to a \$6.1M surety bond held in a trust fund that would pay for capping the plant if it shut down and operate a wastewater treatment plant for the next 30 years. He commented that if the plant shut down it is obligated to remove the intake (?). As a Town of Lansing resident he is very concerned about the impact that will be felt by the local school system and the town if the plant shuts down. He feels it is in everyone’s best interest to vote in favor of the PILOT amendment.

Nathan Shinagawa asked for time to speak. Mr. Shinagawa spoke to the IDA projects mentioned by Ms. Weiser. He pointed out the 130 Clinton Street project was heavily discussed and was denied any incentives. The BJ’s project was only brought to the IDA due to a requirement by the Village of Lansing involving a wet lands parcel and a request for senior housing. And the request by the project for sales tax exemptions was denied.

The Marriott Hotel project passed due to an agreement involving higher pay for the house keepers.

Mr. Shinagawa commented that he feels that reading the minutes of a public hearing is a good way to hear the public’s views since he is usually not able to attend public hearings. He feels the CPP PILOT avoids costly litigation and is a very complex project.

Mr. Stamm commented that the BJs itself does not receive any tax abatements – it pays 100% of property taxes.

Svante Myrick spoke during privilege of the floor. He apologized for not being at the public hearing as he was in Albany that day. His understanding is that a public hearing is scheduled in addition to the public comment time at an IDA meeting – the public hearing is held in the local municipality so the public has another opportunity to speak. He doesn’t feel the IDA members consciously shirk the public.

Will Burbank spoke during privilege of the floor. Mr. Burbank stated that he is glad he was able to attend the public hearing for the power plant; it was very informative. He feels that the lack of attendance by other board members does not reflect any disinterest on their part. He commented that perhaps the IDA Board could re-examine its process in terms of public hearing scheduling.

Mr. Dennis commented that he would take the lead on working with staff to review the procedures in terms of setting up future public hearings.

## **BUSINESS**

### 2014 TCIDA/TCDC Audit - Acceptance

Mr. Stamm reported that the IDA Audit Committee has met with the auditors and reviewed the 2014 TICDA/TCDC Audit financial documents. The committee has recommended acceptance by the full Board.

**Jennifer Tavares as a member of the IDA Audit Committee and having reviewed the documents moved to accept the 2014 TCIDA/TCDC Audit. Jim Dennis seconded the motion. The motion was approved and the audit accepted.**

Mr. Shinagawa asked if IDAs are held to a higher standard? Mr. Stamm spoke to the Public Authority Accountability Act and the oversight of the Authority Budget Office and the Office of the State Comptroller.

Ms. Tavares spoke to the high level of scrutiny by these State Agencies.

### Cayuga Power Plant (AES) PILOT Amendment – Approval

**Jim Dennis moved to approve the resolution authorizing amendments to the payment in lieu of tax agreement between the TCIDA and Cayuga Operating Company LLC. Svante Myrick seconded the motion.**

Joe Mareane, County Administrator, and Jay Franklin, County Assessor, gave an overview of the PILOT history, negotiation team, and current amendments. The amendment to the current PILOT seeks to capture additional tax income from possible increased net operating income at the plant over a certain threshold – this is called the “pop up.” The valuation formulas and the pop up calculations were reviewed as well as the time table for communication between the company and taxing jurisdictions relating to the pop up payments.

Mr. Shinagawa asked about specifics on the power plants income. Ms. Geldenhuys commented that this is proprietary information and the specifics are confidential.

Mr. Shinagawa asked if the IDA wanted to take more income from the plant, would it have to create a special tax rate? Yes.

Mr. Shinagawa stated that he is trying to outline how additional money cannot be taken from NYSEG (who gets a share of the company’s profits over a threshold); changing the value of the plant would lead

to litigation (very costly to tax payers); and changing the tax rate for this company would also lead to litigation.

The comment was made that the IDA has no authority to take tax dollars due municipalities – they must make them whole.

Ms. Geldenhuys stated that the IDA is constrained – it has no discretion over tax funds. This PILOT only sets a value on the power plant. The IDA cannot set aside revenues – the tax dollar must go to the municipalities.

Mr. Dennis stated that the RSS agreement is a deal between NYSEG and the power plant, not the IDA.

Mr. Burbank asked how the information for the formula is verified. Mr. Franklin stated that he has access to data that can verify the financial information from the power plant.

Mr. Dennis stated that the school district also hired their own power plant assessing consultant.

Mr. Burbank stated that since this was a negotiation, could we have gotten a better deal? Mr. Mareane stated that he feels it is a good deal and that the company could have walked away at any time. The base taxes were protected and this new amendment is an attempt to share in any good fortune/additional profits.

A vote on the resolution was held: the resolution was approved 5-1. Mr. Burbank voted no, Ms. Robertson was absent.

Mr. Burbank stated that his no vote is not a reflection on the negotiation team or the actual PILOT amendment; it is more a reflection on the process.

Mr. Myrick stated that he voted yes because he does not think this is a subsidy; it is a fair way to set a value.

Mr. Tavares commented that the amendment nets additional revenue and is a better deal. That is why she is supportive of it. It is unfortunate that more board members were not at the public hearing.

Mr. Shinagawa thanked the public for their comments.

Ms. Weiser thanked the negotiation team as this took a lot of effort on everyone's part.

#### Request for Feasibility Study Funding from TCAD Foundation

Martha Armstrong from TCAD reviewed the request from the TCAD Foundation for funding support as it relates to a USDA grant application. The grant will be to support a food processor feasibility study for the region.

Mr. Shinagawa asked what is changing in this sector that would indicate a need for this study? Ms. Armstrong commented that more focus is coming on locally grown food, niche food production and more focus on nutrition.

The feasibility study will look at the market and see if there is a need to start a food incubator. There are small start ups using their own kitchens, but when a business needs to scale up to the middle market there is a threshold that cannot be met at this time. She spoke about a local food processing business that had to go to western Massachusetts in order to have their produce processed as there were no other facilities locally.

Mr. Stamm stated that there seems to be a critical mass of food entrepreneurs now.

Ms. Armstrong stated that the grant application is asking the USDA for 75% of the funding; TCAD will be giving \$10,000 in staff time; and this request if for up to \$19,999.

Ms. Tavares asked if the issue of marketing and distribution would be addressed in this study? Yes.

**Nathan Shinagawa moved to approve the request for up to \$19,999 to fund the Feasibility Study from the TCAD Foundation. Svante Myrick seconded the motion. The motion passed unanimously.**

#### Special Task Force

Mr. Dennis reported that he is setting up a special task force of the IDA that will include himself, Jennifer Tavares and Grace Chiang. This task force will work with staff to review and develop a local labor policy and report back to the full board. This report will be most likely in two months or so.

#### **STAFF REPORT**

Mr. Stamm reported that the Incodema3D project has closed on financing. It is anticipated that three other projects will also close – Advanced Design Consulting, Ithaca Beer and the Carey Building. There are also a few more projects working their way through the “pipeline” that will come to the IDA this year.

Mr. Stamm also commented on the OSC audit that was conducted about a year ago. We are still waiting on a draft of the audit findings. A few things that may be addressed are: Reviewing the actual assessed value of a project versus that projected value from the application; formally voting on recapture proceedings for projects that do not meet job creation goals; and eliminating any minor billing errors in PILOT bills sent out from the municipalities.

#### **MINUTES**

**Nathan Shinagawa moved to approve the IDA Board Minutes from the March 12, 2015 meeting. Grace Chiang seconded the motion.**

Ms. Tavares asked that her comments on page 5 be corrected to reflect that she actually asked to see any apprenticeship language that might be suggested in a local labor policy – she did not state that she wanted apprenticeship language in the policy.

**The motion was approved.**

Mr. Burbank commented that he would not be able to attend the next scheduled IDA meeting on May 14<sup>th</sup>. He reiterated his request to have the public hearing scheduling procures include checking board member's calendars before scheduling meetings.

Mr. Stamm commented that this can be done and that he would also look into the cost of hiring a court stenographer for future public hearings.

Ms. Tavares asked if the public hearing held by the City of Ithaca for CIITAP projects was the only public hearing. Mr. Stamm stated that the IDA also holds a public hearing for those projects. Mr. Myrick commented that he could make sure IDA Board members are notified about the CIITAP public hearings.

Mr. Dennis asked if any of the Board had received an invitation to the CSED's press conference. No.

Ms. Weiser commented that it was their intent to do so.

Mr. Myrick stated that it is easier to work together when we work in partnership.

The meeting was adjourned at 5:40 PM

**Minutes were approved at the 5/14/15 board meeting.**